Weinberger Drug Stores, Inc.

Cleveland, Ohio

Annual Report

for the year ending
December 31, 1930

February 28th, 1931.

TO OUR SHAREHOLDERS:

I am pleased to hand you a financial statement for the year 1930 based upon an audit of our books by Ernst & Ernst, Certified Public Accountants.

Taking into consideration all the conditions that occurred during the year, and comparing results with those of many other similar corporations, I think you will agree that your Company has done exceedingly well.

During the year, as heretofore advised, the Company purchased two stores in Youngstown and opened a store in Pittsburgh. These acquisitions were made without resorting to our borrowing capacity and the management believes that with the return of normal times, these acquisitions will prove profitable. The second Pittsburgh store, situated in the well known East Liberty district, was opened about February 1st, 1931 and is doing well.

You will be pleased to learn that the comparison of sales of the first seventeen stores which were in operation in January, 1930, with the sales for the same stores in 1931 show an increase of approximately 8%.

One of the factors that was of great assistance in producing this record of the past year was the active cooperation of many of our shareholders who not only made their personal purchases from our stores, but by their recommendations influenced many new customers. We hope in due time to number every shareholder as a friendly working influence for a greater and better "Weinberger Drug Stores, Inc." We shall do our utmost to warrant and deserve your cooperation.

Very truly yours,

ADOLPH WEINBERGER, *President.*

CONDENSED BALANCE SHEET

WEINBERGER DRUG STORES, INC.—CLEVELAND, AND SUBSIDIARIES

As of the close of business December 31, 1930

ASSETS

CURRENT			
Cash on hand and on deposit		$ 18,459.52	
U. S. government securities (at cost)		46,000.00	
Customers' accounts receivable and creditors' debit balances		24,044.48	
Inventory (certified by management)		549,522.11	$638,026.11
OTHER ASSETS			
Employees' notes receivable—secured by Company's capital stock		$ 23,441.35	
Deposit in bank in receivership, less allowance of $5,000.00 for possible loss		18,558.37	
Treasury stock (468.64 shares) at cost		6,964.01	
Sundry deposits, personal and miscellaneous accounts receivable, etc		15,017.13	63,980.86
PERMANENT			
Furniture and fixtures including improvements to leased property		$186,741.03	
Less: Allowance for depreciation		20,900.08	165,840.95
PATENTS AND TRADE MARKS			1.00
DEFERRED			
Unamortized portion of store opening, reorganization and new product development expenses		$ 9,339.36	
Unexpired insurance premiums, supplies, inventory, etc.		7,542.44	16,881.80
			$884,730.72

LIABILITIES

CURRENT			
Notes payable for equipment purchased		$ 2,510.00	
Accounts payable for purchases, expenses, etc.		122,250.94	
Accrued county and federal taxes		29,768.81	$154,529.75
CAPITAL STOCK AND SURPLUS			
Capital stock (without par value)			
Authorized 100,000 shares			
Outstanding 72,787.56 shares (including outstanding scrip certificates and provision for dividend payable January 1, 1931)			
Stated Capital		$546,000.00	
Capital surplus	81,951.70		
	102,249.27	184,200.97	730,200.97
Profit and loss-surplus			
			$884,730.72

(*Note A*) The Company was reported as contingently liable at December 31, 1930, on employees' notes receivable discounted, in the amount of $15,089.62, these notes, however, being secured by collateral consisting of 2,197.61 shares of capital stock of Weinberger Drug Stores, Inc. The Company was also reported contingently liable as endorser on stop-payment checks, amounting to $6,684.82, deposited in the Merchants Bank, Cleveland which was closed by the State Banking Department.

PROFIT AND LOSS—SURPLUS

WEINBERGER DRUG STORES, INC.—CLEVELAND, AND SUBSIDIARIES

For the year ended December 31, 1930

PROFIT AND LOSS—SURPLUS—December 31, 1929, as shown by Companies' books .. $ 85,561.23

ADDITION

Summary of earnings for the year ended December 31, 1930:			
Net sales	$2,136,818.42		
Less: Cost of sales	1,408,791.50		
GROSS PROFIT		$ 728,026.92	
Less: Selling, general and administrative expense		618,387.77	
OPERATING PROFIT		$ 109,639.15	
Other deductions—net		6,984.22	
PROFIT BEFORE FEDERAL INCOME TAX		$ 102,654.93	
Provision for federal income tax		14,000.00	
NET PROFIT			$ 88,654.93
LESS:			
Dividends paid—$1.00 per share (stock dividend amounting to 2,787.56 shares also paid during current year)		$ 69,573.00	
Additional assessment of county taxes applicable to prior year		2,393.89	71,966.89
NET ADDITION			16,688.04
PROFIT AND LOSS—SURPLUS DECEMBER 31, 1930, AS SHOWN BY THE ACCOMPANYING BALANCE SHEET			$102,249.27

Board of Directors and Stockholders,
Weinberger Drug Stores, Inc.,
Cleveland.

February 5, 1931.

Gentlemen:

We have examined the books of account and record pertaining to the assets and liabilities of WEINBERGER DRUG STORES, INC., and Subsidiaries, AVERBECK DRUG STORES, INC., AND SUPERIOR LABORATORIES, INC., as of the close of business December 31, 1930, and submit herewith condensed consolidated balance sheet as of that date and surplus statement for the year then ended.

The operating results shown in the annexed surplus exhibit are included as taken from the Companies' records without audit of the individual items entering therein, however, limited test checks thereof were made by us.

Cash funds and U. S. government securities, as shown in the annexed balance sheet, were verified by us, the change and petty cash funds at the various stores, in the aggregate amount of $4,315.00, having been confirmed by the store managers. Accounts receivable were proved as to total by trial balance of the individual balances, but we did not correspond with the recorded debtors to obtain confirmations thereof.

The merchandise inventory is stated as taken and priced under the direction of the management and certified to us by officers of the Companies as to quantities, salability and a price basis representing approximate cost or lower. We tested the quantities appearing in the inventories of three stores and the Cleveland warehouse and the mathematical accuracy of extensions and prices used on the entire inventory.

The amount of $18,558.37, classified under other assets as deposit in Bank in receivership, represents the amount on deposit in the Merchants Bank, Cleveland, as shown by the Company's books, less an allowance of $5,000.00 for possible loss thereon.

Permanent assets are included at book values, representing cost, less allowance for depreciation to December 31, 1930. Data examined by us indicated that the charges to these accounts during the year 1930 were properly capitalizable.

Provision has been made for all liabilities of the Companies at December 31, 1930, disclosed by the records examined and information obtained by us. Notes payable and the greater part of the amounts classified under accounts payable were verified by direct correspondence with the recorded creditors.

The Weinberger Drug Stores, Inc., has entered into a contract giving a local investment banker an option to purchase a maximum of 10,000 shares of the Company's capital stock on or before April 1, 1931, at a price in excess of the published market quotation at December 31, 1930.

Subject to the foregoing, WE HEREBY CERTIFY, that we have examined the books of account and record pertaining to the assets and liabilities of WEINBERGER DRUG STORES, INC. and Subsidiaries, AVERBECK DRUG STORES, INC., and SUPERIOR LABORATORIES, INC., and that, in our opinion, based upon the records examined and information obtained by us, the accompanying condensed consolidated balance sheet sets forth the financial position of the combined Companies as of the close of business December 31, 1930.

Very truly yours,
ERNST & ERNST,
CERTIFIED PUBLIC ACCOUNTANTS.